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METROPOLITAN AREA EMPLOYMENT AND UNEMPLOYMENT: JULY 2006

Unemployment rates were lower in July than a year earlier in 214 of the 367 metropolitan areas, higher in 116 areas, and unchanged in 37 areas, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Nineteen metropolitan areas registered jobless rates below 3.0 percent, while four areas recorded rates of 10.0 percent or more. The national unemployment rate was 5.0 percent, not seasonally adjusted, down from 5.2 percent a year earlier.

Metropolitan Area Unemployment (Not Seasonally Adjusted)

In July, 93 metropolitan areas reported unemployment rates below 4.0 percent, up from 71 areas a year earlier, while 38 areas posted rates of at least 7.0 percent, down slightly from 40 areas in July 2005. Fargo, N.D.-Minn., had the lowest unemployment rate, 2.1 percent. The areas recording the next lowest rates were Casper, Wyo., 2.4 percent, and Houma-Bayou Cane-Thibodaux, La., Lafayette, La., and Sioux Falls, S.D., 2.5 percent each. The low unemployment rates in Louisiana areas may reflect the continuing impact of Hurricane Katrina. Following the storm, some residents relocated out of the state, some may have found employment as part of the reconstruction, and some may have left the labor force. The three areas with the highest jobless rates again were Yuma, Ariz., 21.4 percent, El Centro, Calif., 17.3 percent, and Gulfport-Biloxi, Miss., 11.6 percent. Yuma and El Centro are adjacent, highly agricultural areas on the Mexican border with extreme weather. Gulfport-Biloxi was hit hard by Hurricane Katrina. Overall, 202 areas reported unemployment rates below the U.S. figure of 5.0 percent, 154 areas had higher rates, and 11 areas had the same rate. (See table 1 and the map.)

The largest over-the-year jobless rate decreases in July were reported in seven Louisiana areas: Monroe (-3.2 percentage points), Alexandria and Shreveport-Bossier City (-3.1 points each), Baton Rouge and Lake Charles (-2.9 points each), Houma-Bayou Cane-Thibodaux (-2.5 points), and Lafayette (-2.3 points). Eight additional areas across the nation registered rate declines of 1.0 percentage point or more. The largest unemployment rate increase from last July (+5.6 percentage points) was recorded in Gulfport-Biloxi, Miss. The areas with the next largest increases were Kokomo, Ind. (+3.0 percentage points), and Pascagoula, Miss. (+2.4 points). Three other areas had rate increases of 1.0 percentage point or more.

Of the 49 metropolitan areas with a Census 2000 population of 1 million or more, Orlando-Kissimmee, Fla., reported the lowest jobless rate in July, 3.2 percent. The areas recording the next lowest rates were Richmond, Va., and Tampa-St. Petersburg-Clearwater, Fla., 3.4 percent each, and Minneapolis-St. Paul-Bloomington, Minn.-Wis., and Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va., 3.5 percent each.

The large areas with the highest unemployment rates again were Detroit-Warren-Livonia, Mich., 8.1 percent, and Memphis, Tenn.-Miss.-Ark., 6.6 percent. Twenty-eight large areas reported lower unemployment rates over the year, 15 registered higher rates, and 6 had no change. New Orleans-Metairie-Kenner, La., posted the largest over-the-year jobless rate decrease (-1.8 percentage points), followed by Chicago-Naperville-Joliet, Ill.-Ind.-Wis. (-1.5 points). No additional large area registered a jobless rate decline greater than 0.8 percentage point. No large area had an unemployment rate increase greater than 0.4 percentage point.

Metropolitan Division Unemployment (Not Seasonally Adjusted)

Eleven of the most populous metropolitan areas are composed of 34 metropolitan divisions, which are essentially separately identifiable employment centers. Fort Lauderdale-Pompano Beach-Deerfield Beach, Fla., again posted the lowest division unemployment rate, 3.3 percent in July. The two divisions that compose the Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va., metropolitan area recorded the next lowest jobless rates: Bethesda-Gaithersburg-Frederick, Md., and Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va., 3.5 percent each. Five additional divisions registered rates below 4.0 percent. The divisions reporting the highest unemployment rates were Detroit-Livonia-Dearborn, Mich., 9.7 percent, Lawrence-Methuen-Salem, Mass.-N.H., 7.1 percent, and Warren-Troy-Farmington Hills, Mich., 6.9 percent. (See table 2.)

Fifteen of the 34 metropolitan divisions recorded over-the-year jobless rate decreases in July, 13 had rate increases, and 6 had rates that were unchanged from those of July 2005. Chicago-Naperville-Joliet, Ill., again registered the largest unemployment rate decline among divisions (-1.8 percentage points). The divisions recording the largest jobless rate increases from a year earlier were Camden, N.J. (+0.8 percentage point), Newark-Union, N.J.-Pa. (+0.7 point), and Edison, N.J. (+0.6 point).

In 6 of the 11 metropolitan areas that contain divisions, the ranges between the highest and lowest division unemployment rates were 1.0 percentage point or more in July 2006. The metropolitan areas that had the widest rate ranges between their divisions were Boston-Cambridge-Quincy, Mass.-N.H. (Lawrence-Methuen-Salem, Mass.-N.H., 7.1 percent, compared with Framingham, Mass., and Nashua, N.H.-Mass., 3.9 percent each), and Detroit-Warren-Livonia, Mich. (Detroit-Livonia-Dearborn, 9.7 percent, compared with Warren-Troy-Farmington Hills, 6.9 percent).

Metropolitan Area Nonfarm Employment (Not Seasonally Adjusted)

In July, 298 metropolitan areas reported over-the-year increases in nonfarm payroll employment, 56 recorded decreases, and 13 had no change. The largest over-the-year employment gain was posted in Phoenix-Mesa-Scottsdale, Ariz. (+90,300), followed by New York-Northern New Jersey-Long Island, N.Y.-N.J.-Pa. (+88,300), Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va. (+73,400), Dallas-Fort Worth-Arlington, Texas (+71,800), Miami-Fort Lauderdale-Miami Beach, Fla. (+64,300), Seattle-Tacoma-Bellevue, Wash. (+63,000), and Los Angeles-Long Beach-Santa Ana, Calif. (+62,500). The largest over-the-year percentage increases in employment were reported in St. George, Utah (+9.3 percent), Yuma, Ariz. (+7.7 percent), Morgantown, W.Va. (+7.4 percent), McAllen-Edinburg-Mission, Texas (+7.2 percent), and Prescott, Ariz. (+6.8 percent). (See table 3.)

The largest over-the-year decreases in employment occurred in New Orleans-Metairie-Kenner, La. (-173,000), Gulfport-Biloxi, Miss. (-21,400), and Detroit-Warren-Livonia, Mich. (-13,100). The declines in New Orleans-Metairie-Kenner, La., and Gulfport-Biloxi, Miss., reflect the impact of Hurricane Katrina. The largest over-the-year percentage decreases in employment were reported in New Orleans-Metairie-Kenner, La. (-28.4 percent), Gulfport-Biloxi, Miss. (-18.5 percent), Danville, Va. (-2.9 percent), and Jackson, Mich., and Cedar Rapids, Iowa (-2.5 percent each).

Over the year, nonfarm employment rose in 34 of the 36 metropolitan areas with annual average employment levels above 750,000 in 2005. The largest over-the-year percentage increases in employment in these large metropolitan areas were posted in Las Vegas-Paradise, Nev. (+5.6 percent), Phoenix-Mesa-Scottsdale, Ariz. (+5.1 percent), Orlando-Kissimmee, Fla. (+4.0 percent), Seattle-Tacoma-Bellevue, Wash. (+3.8 percent), Riverside-San Bernardino-Ontario, Calif. (+3.3 percent), and Charlotte-Gastonia-Concord, N.C.-S.C. (+3.0 percent). Among the largest areas, the only reported percentage decreases in employment were in Detroit-Warren-Livonia, Mich. (-0.7 percent), and Indianapolis-Carmel, Ind. (-0.4 percent).

Metropolitan Division Nonfarm Employment (Not Seasonally Adjusted)

Nonfarm payroll employment data were available in July 2006 for 32 metropolitan divisions, which are essentially separately identifiable employment centers within a metropolitan area. Twenty-nine of the 32 metropolitan divisions reported over-the-year employment gains while 3 reported losses. The largest over-the-year increase in the metropolitan divisions occurred in New York-White Plains-Wayne, N.Y.-N.J. (+73,800), followed by Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va. (+60,400), Seattle-Bellevue-Everett, Wash. (+54,400), and Dallas-Plano-Irving, Texas (+52,600). Over-the-year employment losses were reported in Newark-Union, N.J.-Pa. (-7,900), Warren-Troy-Farmington Hills, Mich. (-7,500), and Detroit-Livonia-Dearborn, Mich. (-5,600). (See table 4.)

The largest over-the-year percentage increases in employment among the metropolitan divisions were reported in Fort Lauderdale-Pompano Beach-Deerfield Beach, Fla. (+4.0 percent), Seattle-Bellevue-Everett, Wash. (+3.9 percent), Tacoma, Wash. (+3.3 percent), and West Palm Beach-Boca Raton-Boynton Beach, Fla. (+3.1 percent). Over-the-year percentage decreases in employment were reported in Newark-Union, N.J.-Pa. (-0.8 percent), Detroit-Livonia-Dearborn, Mich. (-0.7 percent), and Warren-Troy-Farmington Hills, Mich. (-0.6 percent).

The Regional and State Employment and Unemployment release for August is scheduled to be issued on September 20. The Metropolitan Area Employment and Unemployment release for August is scheduled to be issued on September 27.

Hurricane Katrina

For July, BLS and its state partners continued to make modifications to the usual estimation procedures for the LAUS program to reflect the impact of Hurricane Katrina on the labor force statistics in affected areas. These modifications included: (1) allowing the state labor force estimates for Louisiana to reflect the effects of Katrina by overriding the built-in feature of the methodology that smoothes over large shifts in a key input—nonfarm wage and salary employment; (2) modifying the state population controls to account for displacement due to Katrina; (3) developing labor force estimates for the New Orleans-Metairie-Kenner metropolitan area using an alternative to the model-based method; and (4) not publishing labor force estimates for the parishes within the New Orleans-Metairie-Kenner metropolitan area or cities within those parishes where the quality of input data was severely compromised by the hurricane.

For more information on LAUS procedures and estimates for July 2006, see *Hurricane Information: Katrina and Rita* on the BLS Web site at <http://www.bls.gov/Katrina/home.htm> or call (202) 691-6392.

Technical Note

This release presents labor force and unemployment data from the Local Area Unemployment Statistics (LAUS) program (tables 1 and 2) for 375 metropolitan statistical areas and metropolitan New England City and Town Areas (NECTAs), including those in Puerto Rico. Estimates for over 30 metropolitan and NECTA divisions also are presented. Nonfarm payroll employment estimates from the Current Employment Statistics (CES) program (tables 3 and 4) are provided for the same areas. State estimates were previously published in the news release, *Regional and State Employment and Unemployment*, and are republished in this release for ease of reference. The LAUS and CES programs are both federal-state cooperative endeavors.

Labor force and unemployment—from the LAUS program

Definitions. The labor force and unemployment data are based on the same concepts and definitions as those used for the official national estimates obtained from the Current Population Survey (CPS), a sample survey of households that is conducted for the Bureau of Labor Statistics (BLS) by the U.S. Census Bureau. The labor force includes both the employed and the unemployed. Employed persons are those who did any work at all for pay or profit in the survey reference week (the week including the 12th of the month) or worked 15 hours or more without pay in a family business or farm, plus those not working who had a job from which they were temporarily absent, whether or not paid, for such reasons as labor-management dispute, illness, or vacation. Unemployed persons are those who did not work at all (in the reference week), had actively looked for a job (sometime in the 4-week period ending with the survey reference week), and were currently available for work; persons on layoff expecting recall need not be looking for work to be counted as unemployed.

Method of estimation. Effective January 2005, estimates for all census divisions, states, the District of Columbia, the Los Angeles-Long-Beach-Glendale metropolitan division, and New York City were produced using updated time-series models with real-time benchmarking. Model-based estimation was extended to the following areas and respective balances-of-state: Chicago-Naperville-Joliet, IL Metropolitan Division; Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area; Detroit-Warren-Livonia, MI Metropolitan Statistical Area; Miami-Miami-Beach-Kendall, FL Metropolitan Division; New Orleans-Metairie-Kenner, LA Metropolitan Statistical Area; and Seattle-Bellevue-Everett, WA Metropolitan Division. This will improve the statistical basis of the estimation for these areas and provide important tools for analysis, such as measures of errors and seasonally adjusted series. For all other substate areas, estimates are prepared through indirect estimation procedures. Employment estimates, which are based largely on “place of work” estimates from the CES program, are adjusted to refer to place of residence as used in the CPS. Unemployment estimates are aggregates of persons previously employed in industries covered by state unemployment (UI) laws and entrants to the labor force data from the CPS. The substate estimates of employment and unemployment, which geographically exhaust the entire state, are adjusted proportionally to ensure that they add to the independently estimated state or balance-of-state totals. A detailed description of the estimation procedures is available from BLS upon request.

Annual revisions. Labor force and unemployment data shown for the prior year reflect adjustments made at the end of each year, usually implemented with January estimates. The adjusted estimates reflect updated population data from the U.S. Census Bureau, any revisions in the other data sources, and model reestimation at the state and selected area level. All substate estimates are adjusted to add to the revised model-based estimates.

Employment—from the CES program

Definitions. Employment data refer to persons on establishment payrolls who receive pay for any part of the pay period that includes the 12th of the month. Persons are counted at their place of work rather than at their place of residence; those appearing on more than one payroll are counted on each payroll. Industries are classified on the basis of their principal activity in accordance with the 2002 version of the North American Industry Classification System.

Method of estimation. The employment data are estimated using a “link relative” technique in which a ratio (link relative) of current-month employment to that of the previous month is computed from a sample of establishments reporting for both months. The estimates of employment for the current month are obtained by multiplying the estimates for the previous month by these ratios. Small-domain models are used as the official estimators for the approximately 10 percent of CES published series which have insufficient sample for direct sample-based estimates.

Annual revisions. Employment estimates are adjusted annually to a complete count of jobs, called benchmarks, derived principally from tax reports that are submitted by employers who are covered under state unemployment insurance (UI) laws. The benchmark information is used to adjust the monthly estimates between the new benchmark and the preceding one and also to establish the level of employment for the new benchmark month. Thus, the benchmarking process establishes the level of employment, and the sample is used to measure the month-to-month changes in the level for the subsequent months.

Reliability of the estimates

The estimates presented in this release are based on sample survey and administrative data and thus are subject to sampling and other types of errors. Sampling error is a measure of sampling variability—that is, variation that occurs by chance because a sample rather than the entire population is surveyed. Survey data are also subject to nonsampling errors, such as those which can be introduced into the data collection and processing operations. Estimates not directly derived from sample surveys are subject to additional errors resulting from the special estimation processes used. The sums of individual items may not always equal the totals shown in the same tables because of rounding. With respect to the LAUS program, unemployment rates are computed from unrounded data rather than from data that may be displayed in the tables; differences, however, are generally insignificant.

Labor force and unemployment estimates. Model-based error measures, including for over-the-month change, are available for states on the BLS Web site at <http://www.bls.gov/lau/lastderr.htm>. Measures of nonsampling error are not available, but additional information on the subject is provided in the BLS monthly periodical, *Employment and Earnings*.

Employment estimates. Measures of sampling error for state CES data at the supersector level and for metropolitan area CES data at the total nonfarm level are available on the BLS Web site at <http://www.bls.gov/sae/790stderr.htm>. Information on recent benchmark revisions for states is available at <http://www.bls.gov/sae>.

Area definitions

The substate area data published in this release reflect the standards and definitions established by the U.S. Office of Management and Budget on December 5, 2005. A detailed list of the geographic definitions is available on the Web at <http://www.bls.gov/lau/lausmsa.htm> and also is published annually in the May issue of *Employment and Earnings*.

Additional information

More complete information on the technical procedures used to develop these estimates and additional data appear in *Employment and Earnings*, which is available by subscription from the Super-

intendent of Documents, U.S. Government Printing Office, Washington, DC 20402 (telephone 202-512-1800).

Estimates of unadjusted and seasonally adjusted labor force and unemployment data for states, census regions and divisions, and eight areas are available in the news release, *Regional and State Employment and Unemployment*. Estimates of labor force and unemployment for all states, metropolitan areas, labor market areas, counties, cities with a population of 25,000 or more, and other areas used in the administration of various federal economic assistance programs are available on the BLS Web site at <http://www.bls.gov/lau>. Employment data from the CES program are available at <http://www.bls.gov/sae/>.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone: 1-800-877-8339.